

Risk retention groups would be allowed to write commercial property coverage in a new bill introduced in the U.S. House of Representatives. The legislation is sponsored by Reps. Dennis Moore, D-Kan., and **John Campbell, R-Calif.**, though it's uncertain there will be the time and energy in this busy congressional session to push it through.

**"It's going to give property owners a completely new option available to them to insure their property,"** Campbell told BestWire. **"It's going to extend and allow self insurance for commercial property holders."** It includes a set of rules **"to assure that if you do set up self-insurance pools that they're sound and regulated,"** he added.

For existing commercial insurers, he said **"it creates a new competitor."** Campbell isn't confident it might pass in this session.

**"I don't think there's much opposition or resistance to it,"** he said.

**"It's really a question of getting it on the calendar, and the calendar is short. So that's going to be difficult."**

The bipartisan "Risk Retention Modernization Act" would also create a federal process to resolve disputes in which RRGs think they are not being appropriately regulated by states. The bill updates the existing Liability Risk Retention Act of 1986.

Industry groups, such as Independent Insurance Agents & Brokers of America, are hesitant about supporting certain provisions. "We believe this new 'dispute mechanism' language could needlessly intrude on state regulation of insurance and we look forward to working with the sponsors of the legislation and other interested parties on rolling back or modifying this newly added provision," said Charles Symington, senior vice president for government affairs for the Big I. Symington said his organization hasn't taken a position yet on the rest of the bill.

On March 11, Campbell spoke about the idea to a Washington conference of the Self-Insurance Institute of America, telling the crowd, **"I think the opportunity to pass this bill is certainly there."**

The SIIA has supported the availability of commercial property coverage to members of risk retention groups for years. "This is an opportunity to play offense," said Mike Ferguson, its chief

operating officer.

If it doesn't get passed this year, **Campbell** said, then at least the foundation will be set up for the next congressional session. His ultimate aim is to lower insurance costs, particularly in the difficult earthquake-prone environment in California. The congressman described himself as **"someone who owns six pieces of commercial real estate."**

Scott Clark, a board member of the Risk and Insurance Management Society, said in a statement, "Such an option can make insurance more affordable, especially when natural disasters in some U.S. regions have made it more difficult to purchase commercial property insurance."

Moore had championed a similar bill in the previous congressional session, hoping in 2008 to allow commercial property insurance to be written through risk-retention or risk-purchasing groups. The legislation -- a response to the U.S. medical liability crisis -- cleared the Financial Services Subcommittee on Capital Markets and Insurance, but didn't advance to final passage. The act would have partially pre-empted state insurance laws to allow risk-retention groups to choose to be chartered and regulated by a single domiciliary state, even where they provide liability insurance to members in other states (BestWire, July 9, 2008).